

Annuity Desk Aid

Inform and Request

- ☐ Request annuity contract from applicant or responsible person for applicant
- ☐ Send ES-3167 & ES-3167A to applicant or responsible person for applicant. The ES -3167 is an informational document regarding annuities and must be given to anyone reporting an annuity. The ES-3167A is completed by the company that issued the annuity. It is the responsibility of the applicant/responsible person to take the Annuity Evaluation form to the company for completion.

Documentation Submitted - Annuity Contract & ES-3167A received in SRS office

- ☐ Worker completes Appendix Form B-6 (Request for Trust/Annuity Clearance). Remember to list Program Administrator/Supervisor and list any other transfers at the bottom of the form in the section titled Other. Attach CAP 1 & CAP 2.
- ☐ Submit above to KHPA.

Wait for e-mail response from KHPA. Do not take any case action until KHPA reviews annuity and responds. Information from KHPA will help you determine your next step in this process. An annuity can be a resource, income, or a transfer.

RESOURCE - Annuity is an available resource

- ☐ Locate the resource amount on ES-3167A.
- ☐ Worker will complete Appendix Form W-10 (Annuity Evaluation Worksheet) to document resource amount.
- ☐ Determine if resource eligible and take appropriate action.

INCOME - Annuity is considered countable income

- ☐ Count income received from annuity
- ☐ Determine spenddown, premium, obligation or liability.

TRANSFER - Inappropriate transfer has occurred

- ☐ Complete Appendix Form W-10 (Annuity Evaluation Worksheet) to document transfer of property.
- ☐ Complete Appendix Form W-9 (Transfer of Property Worksheet) to calculate uncompensated value.
- ☐ Use TOP Calculator to determine transfer of property penalty period.

TRANSFER – Prior to 2/8/06

- ☐ If annuity is purchased prior to 2/8/06, apply transfer of property rules that were in place prior to 2/8/06. The date the annuity was purchased can be found on the ES-3167A.

If application approved, Kansas Medicaid must be named the remainder beneficiary of any annuity purchased on or after 2/8/06. Send I-013 directly to company and a copy to the consumer to notify both parties of the Medicaid approval and the requirement for Kansas Medicaid to be named remainder beneficiary. The I-013 letter along with verification of the change in beneficiary should be returned to the agency by the annuity company within 90 days.

NOTE: Clarification of Annuity “Purchased” Date

Specific treatment of the annuity is determined by the date the annuity was purchased. A purchase includes the initial acquisition of the annuity, as well as any substantial transactions. Purchase of an annuity can be defined as the initial acquisition of the annuity, additions of principal, elective withdrawals, requests to change the distribution of the annuity, and elections to annuitize the contract.

A person could purchase an annuity on 5/3/2002 and annuitize it (converted the annuity to an income stream) on 1/10/08. The purchased date used would be the later of the date the individual acquired the annuity or the date of the last substantial transaction. In this example, the last transaction occurred on 1/10/08. Transfer of property rules in place after 2/8/06 would be used to determine the penalty period.

The ES-3167A form will list the initial purchase date and any other substantial changes made to the annuity.

Below are examples of KHPA responses regarding annuities reviewed

1. We have reviewed the annuity material submitted. This is a revocable annuity with a cash surrender value. We have determined that this annuity is an **available resource** per KEESM 5633(2).
2. We have reviewed the annuity material submitted. This annuity is an employer sponsored pension plan. We have determined that this annuity is an unavailable resource per KEESM 5633 (1). The monthly payments are **countable unearned income**.
3. We have reviewed the annuity material submitted. This is an irrevocable, non-assignable annuity with cash value. The annuity is not actuarially sound as payment spans a period of 10 years and life expectancy is 5 years. This is considered **an inappropriate transfer** per KEESM 5724.2 (4bc)